

DORSEY, KING, GRAY, NORMENT & HOPGOOD
ATTORNEYS-AT-LAW

318 SECOND STREET
HENDERSON, KENTUCKY 42420

JOHN DORSEY (1920-1986)
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March 11, 2004

Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

RECEIVED
MAR 15 2004
PUBLIC SERVICE
COMMISSION
Case 2004-00088

Re: Henderson County Water District
Application for Purchased Water Adjustment

Dear Mr. Dorman:

Enclosed are an original and 10 copies of an application for a purchased water rate adjustment for Henderson County Water District (HCWD). The adjustment is necessary to pass a decrease in the cost of water attributable to the supplier's new wholesale rates to HCWD's customers.

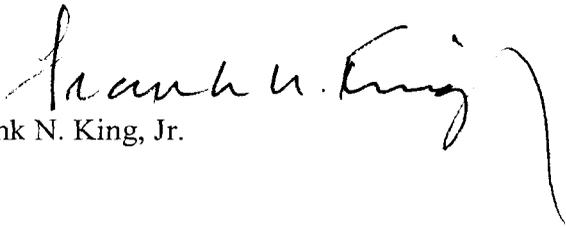
HCWD will publish the enclosed public notice of the requested rate revisions in local newspapers. In accordance with Commission rules and regulations, the notice will be published before the new bills are issued and will be published one time. Copies of the newspaper notices and affidavits verifying publication will be forwarded to you upon publication.

HCWD has previously filed income statements and balance sheets with the Commission. These income statements and balance sheets are currently on file with the Commission.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By


Frank N. King, Jr.

FNKJr/cds
Encls.

COPY: Henderson County Water District

NOTICE

Due to a rate adjustment from the Henderson Water Utility, notice is hereby given that Henderson County Water District has filed An Application for a Purchased Water Adjustment with the Kentucky Public Service Commission for the purpose of decreasing its water rates. Customer rates will decrease by \$0.07 (7 cents) per 1,000 gallons used. The proposed change will be effective for service rendered on and after March 1, 2004.

	<u>Current</u>	<u>Proposed</u>	<u>% Change</u> (decrease)
<u>5/8" x 3/4" Meter</u>			
First 5,000 Gallons	\$11.14 Minimum Bill	11.00 Minimum Bill	1.26%
Next 5,000 Gallons	4.02 Per 1,000 Gallons	3.95 per 1,000 gallons	1.74%
Next20,000 Gallons	3.60 Per 1,000 Gallons	3.53 per 1,000 gallons	1.94%
Over30,000 Gallons	3.10 Per 1,000 Gallons	3.03 per 1,000 gallons	2.26%
<u>1" Meter</u>			
First 5,000 Gallons	\$23.20 Minimum Bill	22.85 Minimum Bill	1.51%
Next 5,000 Gallons	4.02 Per 1,000 Gallons	3.95 per 1,000 gallons	1.74%
Next20,000 Gallons	3.60 Per 1,000 Gallons	3.53 per 1,000 gallons	1.94%
Over30,000 Gallons	3.10 Per 1,000 Gallons	3.03 per 1,000 gallons	2.26%
<u>1 1/2" Meter</u>			
First 10,000 Gallons	\$43.30 Minimum Bill	42.60 Minimum Bill	1.62%
Next20,000 Gallons	3.60 Per 1,000 Gallons	3.53 per 1,000 gallons	1.94%
Over30,000 Gallons	3.10 Per 1,000 Gallons	3.03 per 1,000 gallons	2.26%
<u>2" Meter</u>			
First 16,000 Gallons	\$64.90 Minimum Bill	63.78 Minimum Bill	1.73%
Next14,000 Gallons	3.60 Per 1,000 Gallons	3.53 per 1,000 gallons	1.94%
Over30,000 Gallons	3.10 Per 1,000 Gallons	3.03 per 1,000 gallons	2.26%
<u>3" Meter</u>			
First 30,000 Gallons	\$115.30 Minimum Bill	113.20 Minimum Bill	1.82%
Over30,000 Gallons	3.10 Per 1,000 Gallons	3.03 per 1,000 gallons	2.26%
<u>4" Meter</u>			
First 50,000 Gallons	\$177.30 Minimum Bill	173.80 Minimum Bill	1.97%
Over50,000 Gallons	3.10 Per 1,000 Gallons	3.03 per 1,000 gallons	2.26%
<u>6" Meter</u>			
First 100,000 Gallons	\$332.30 Minimum Bill	325.30 Minimum Bill	2.11%
Over100,000 Gallons	3.10 Per 1,000 Gallons	3.03 per 1,000 gallons	2.26%

The monthly bill for a customer using an average of 5,000 gallons per month will decrease \$0.35 from \$23.20 to \$22.85 or 1.51%.

The rates contained in this notice are the rates proposed by Henderson County Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Henderson County Water District has available for inspection at its office the application submitted to the Public Service Commission. The office is located at 655 South Main Street, Henderson, KY 42420.

Henderson County Water District

By Allan R. VanMeter, Superintendent

PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND ASSOCIATIONS
(807 KAR 5:068)

RECEIVED
MAR 15 2004
PUBLIC SERVICE
COMMISSION

Henderson County Water District
(Name of Utility)

March 11, 2004
(Date)

655 South Main Street
(Address)

Case 2004-00088

Henderson, KY 40374
(City, State)

(270) 826-9802
(Telephone Number)

- 1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
<u>Henderson Water Utility - North</u>	<u>1.2486</u>	<u>1.1610</u>
<u>Henderson Water Utility - South</u>	<u>1.1714</u>	<u>1.3969</u>

(See attached Exhibit A for compilation of relevant information pertaining to this application.)

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the decrease is attached as Exhibit B.
2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From January, 2003 through December, 2003.
 (month and year) (month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period
<u>Henderson Water Utility - North</u>	<u>484,275,000</u>
<u>Henderson Water Utility - South</u>	<u>60,625,000</u>
 TOTAL PURCHASES	 <u>544,900,000</u>

4. Total sales for the 12- month period 400,785,000.

5. Decreased water cost \$28,751.55.

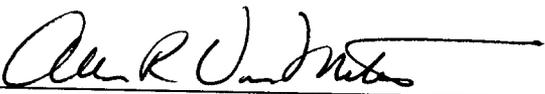
The decreased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor 0.07.

The purchased water adjustment factor is obtained by dividing the decreased cost of water by the total gallons sold.

Note: The purchased water adjustment factor is deducted from each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be deducted from the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the revised rates. See attached Exhibit C.

7. Proposed effective date March 1, 2004.



(Signature of Utility Officer)

Superintendent

(Title)

Henderson County Water District

SUPPLIER	NEW RATE (per 1,000)	OLD RATE (per 1,000)
Henderson North	\$1.1610	\$1.2486
Henderson South	\$1.3969	\$1.1714

TWELVE MONTH TEST PERIOD:

January 2003 thru December 2003

SUPPLIER	GALLONS PURCHASED DURING TEST PERIOD
Henderson North	484,275,000
Henderson South	60,625,000
TOTAL	544,900,000

SUPPLIER	COST AT NEW RATE	COST AT OLD RATE	INCREASED WATER COST
Henderson North	\$562,243.28	\$604,665.77	
Henderson South	\$84,687.06	\$71,016.13	
TOTAL	0.00	0.00	
	\$646,930.34	\$675,681.89	= (\$28,751.55)

TOTAL GALLONS SOLD FOR THE TEST PERIOD : 400,785,000

Increased Water Cost / (total gallons sold / 1,000) = Purchased Water Adjustment Factor

$$(\$28,751.55) \quad / \quad 400,785,000 \quad / 1000 \quad = \quad -0.0717381$$

ROUNDED -0.07

	North		South	
	<u>Sold</u>	<u>Purchased</u>	<u>Sold</u>	<u>Purchased</u>
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
TOTAL	-	484,275,000	-	60,625,000

EXHIBIT

A

THAMES

HENDERSON WATER UTILITY

Water • Wastewater • Stormwater

MANAGED BY THE CITY OF HENDERSON WATER & SEWER COMMISSION

A. LEASON NEEL, CPA
CHIEF FINANCIAL OFFICER

October 17, 2003

Mr. Allan R. VanMeter
Henderson County Water District
655 South Main Street
P.O. Box 655
Henderson, Kentucky 42420

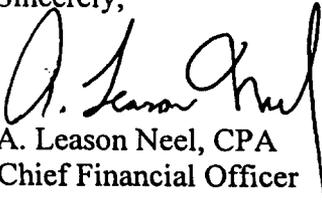
Dear Mr. VanMeter:

In accordance with the contract between the Henderson Water and Sewer Commission and the Henderson County Water District, the costs of providing water services based on our 2002-2003 fiscal year audit have been calculated by our CPA for our North and South Water Systems. Enclosed is a copy of each individual letter highlighting their calculations. The following table summarizes the current versus the new rates:

Henderson County Water District		
	Current Rate Per 1,000 Gallons	New Rate Per 1,000 Gallons
North	\$1.2486	\$1.1610
South	\$1.1714	\$1.3969

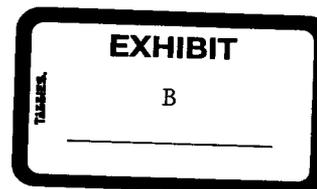
These rates are to go into effect on the first billing after March 31, 2004. We appreciate the opportunity to serve the Henderson County Water District. If you have questions concerning this letter please contact me.

Sincerely,


A. Leason Neel, CPA
Chief Financial Officer

Enclosures

c: Ms. Vickie Meuth
Mr. Jimmie Walker
Mr. Jeff Broughton



FOR Henderson & Webster Counties
Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. 1

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

Henderson County Water District
(Name of Utility)

RATES AND CHARGES

5/8" x 3/4" Meter

First	2,000	Gallons	\$11.00	Minimum Bill
Next	8,000	Gallons	3.95	Per 1,000 Gallons
Next	20,000	Gallons	3.53	Per 1,000 Gallons
Over	30,000	Gallons	3.03	Per 1,000 Gallons

1 Inch Meter

First	5,000	Gallons	\$22.85	Minimum Bill
Next	5,000	Gallons	3.95	Per 1,000 Gallons
Next	20,000	Gallons	3.53	Per 1,000 Gallons
Over	30,000	Gallons	3.03	Per 1,000 Gallons

1 1/2 Inch Meter

First	10,000	Gallons	\$42.60	Minimum Bill
Next	20,000	Gallons	3.53	Per 1,000 Gallons
Over	30,000	Gallons	3.03	Per 1,000 Gallons

2 Inch Meter

First	16,000	Gallons	\$63.78	Minimum Bill
Next	14,000	Gallons	3.53	Per 1,000 Gallons
Over	30,000	Gallons	3.03	Per 1,000 Gallons

3 Inch Meter

First	30,000	Gallons	\$113.20	Minimum Bill
Over	30,000	Gallons	3.03	Per 1,000 Gallons

4 Inch Meter

First	50,000	Gallons	\$173.80	Minimum Bill
Over	50,000	Gallons	3.03	Per 1,000 Gallons

6 Inch Meter

First	100,000	Gallons	\$325.30	Minimum Bill
Over	100,000	Gallons	3.03	Per 1,000 Gallons

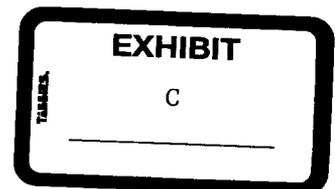
DATE OF ISSUE March 11, 2004
Month / Date / Year

DATE EFFECTIVE March 1, 2004
Month / Date / Year

ISSUED BY *Allen R. [Signature]*
(Signature of Officer)

TITLE Superintendent

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____



FOR Henderson & Webster Counties
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. 2

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Henderson County Water District
(Name of Utility)

RATES and CHARGES

Volunteer Fire Departments (Metered Services)

Flat Rate \$ 11.00 Maximum Bill

The monthly charge for water usage in excess of the respective minimum water rates set out above shall be computed in increments of 10 gallons. Accordingly, a customer having a 5/8 inch meter who consumes at least 2,010 gallons of water and not more than 2,019 gallons of water in any month shall pay the amount of \$11.04 for the month (\$11.00 plus \$0.04). A customer having a 5/8 inch meter who consumes at least 2,020 and not more than 2,029 gallons of water in any month shall pay the amount of \$11.08 for that month (\$11.00 plus \$0.08).

The foregoing rates are rates to be charged by the District and any applicable State Sales Tax and School Tax shall be added to each bill.

THE BASE RATE FOR PURCHASED WATER SHALL BE:

<u>Supplier</u>	<u>Rate</u>
Henderson Water Utilities (North) PWSID # 0510188	\$1.1610 Per 1,000 Gallons
Henderson Water Utilities (South) PWSID #0510510	\$1.3969 Per 1,000 Gallons

DATE OF ISSUE March 11, 2004
Month / Date / Year

DATE EFFECTIVE March 1, 2004
Month / Date / Year

ISSUED BY 
(Signature of Officer)

TITLE Superintendent

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____